



Dexter L. Bell – New Division Director

The Division of Real Estate and the Appraiser Licensing and Certification Board welcome Dexter Bell as the new Division Director. On April 11, he replaced Ted Boyer, who has been appointed as Executive Director of the Department of Commerce, the Division's parent agency. In that position, Ted is now a member of Governor Michael Leavitt's cabinet.

Bell graduated from the University of Utah with a J.D. degree in 1980. He practiced real estate and business law as an attorney for Q Lube/Pennzoil in Salt Lake City for the past several years. Before that he served in several appointed federal positions with the Reagan and (first) Bush administrations in Washington D.C. He was Deputy Chief of Staff at the Federal Home Loan Bank Board and at the Office of Thrift Supervision in the U. S. Treasury Department. He also served under Chairman Jake Garn as Legal Counsel to the U. S. Senate Committee on Banking, Housing and Urban Affairs.

Bell's focus is on closing older complaint cases expeditiously, and on providing for on-line license renewal by the year 2002.

Bell is married with five children. He enjoys reading history, playing basketball, and watching college sports.

Bell's 10 years of experience in appointed political positions in the federal government served to convince him of the importance of appropriate government regulation—of not having too much or too little. For example, the thrift institution crisis came about because of perhaps too much

government regulation in the first place (on what thrifts could invest in), and then after that, too little regulation. His experience with the thrift crisis also impressed on him the need for fair and accurate appraisals, in order to protect our economic system and the integrity of financial values.

Bell believes the appraiser profession in Utah is currently fairly well-regulated, and will strive to maintain that balance between having enough regulation but not too much. "Enough" would be defined as sufficient regulation to protect the public, as well as other appraisers, from unethical and illegal appraising practices. He is impressed with the competence and dedication of the Appraiser Board members in its attempts to strike that regulatory balance. He also recognizes the need to step outside the perspective of the legal profession and see issues from all sides, including that of the public and the appraiser profession.

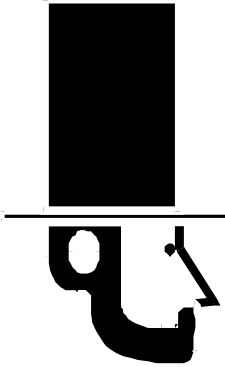
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The Honesty of Appraisers

by Stewart Heller



This is a story about honesty. It is a rather disturbing tale about how a significant number of appraisers contribute to the commonly held belief that an appraiser's value can be influenced with ease - once the "right" practitioner has been found.

The factors that create "made as instructed" appraisal work go to the cold heart of the matter: money pressures and personal survival. The ramifications of this dirty business are no less important than the future viability of the appraisal profession.

Here's how the story goes. Joe is a fee appraiser who is known in the community as a good family man. His wife and children are always first in his mind, the family pictures at the ready whenever he gets a chance to boast about their sports and academic achievements. But he is also a cheater, not on his wife but on his professional honesty.

Today, he is finishing an appraisal in his local territory that he vaguely realizes is probably too high by five or 10 percent. In fact, it is overvalued by 25 percent but Joe has convinced himself that he's just working the high end of the value range. He's optimistic about the market, he thinks, not telling lies.

Joe is having a problem finding good comps for a rehabilitated residential property that has just been reported sold for \$200,000. But what's the problem? The subject neighborhood and the subject street are littered with recent, similar sales, unfortunately, none of these neighborhood sales are greater than \$155,000 and he can find no plausible way to adjust them upwards to reach the reported sale price.

Joe senses that his client, a successful mortgage broker, has perhaps cooked up a little deal with a local developer, who in turn seems to have found an incredibly optimistic buyer or a family member to play the role of buyer. "That's the real estate business," is what this appraiser is thinking. And prices are indeed rising.

So Joe starts looking to find comps from adjoining neighborhoods, and after conducting a broad search, he finds nothing to support the value he knows is needed to make the deal work. Fortunately, the developer has provided Joe with three "sales" between \$200,000 and \$210,000. These rehabbed urban sales are located in a cluster more than a mile from the subject. They are impossible to confirm. Nevertheless, they find their way into the report. "There are actually many similarities," is how Joe views these comparables. In fact, these properties have been renovated in the same way by the subject's owner/developer.

Joe knows it is late and a decision must be made. "The market is so strong," he suggests to himself. The sale price is upheld in his mind.

This appraiser must now finish the appraisal by drawing a map of the "comparable sales," and despite the curious, rather suspicious looking location of the comps vis a vis the subject, he somehow expects that no one will notice. Joe is a good man but he has just done a great disservice to the appraiser community. He has just given proof to that infamous public perception. The belief about the pervasiveness of appraiser manipulation lives on.

As all appraisers know, Joe's thinking is profoundly influenced by the brutal reality of his financial lifeline. Without the business from the commission-driven mortgage brokers and loan agents, he feels he can't support his family. Experience has taught him that having the "good will" of these clients is the key to economic survival. And although some of his brokers are more subtle about it than others, Joe remembers painfully how some years ago, the first and only time he came up with a "low value" that killed a deal, he was summarily cut off from future assignments. Now that he has worked his way back into their good graces, he has no intention of letting his primary source of income be cut off again. So Joe the appraiser must re-shape his methodology to accommodate the goals of the client. His appraisal art has now taken the form of an elaborate fudging of facts.

Frank is a review appraiser for a major mortgage lender and he's been getting increasingly upset this morning after reading

Joe's appraisal. From his desk we can hear grunts that sound like curses under the breath. Although he's seen all kinds of funny business and many unbelievable stretches of reality in his work, something about Joe's handiwork has gotten under his skin.

Frank has had no trouble finding three similar, recently rehabbed properties located within two blocks of the subject. They have all sold in the past few months in the \$150,000 to \$155,000 range. Usually Frank just grids out his review comps and lets the chips fall where they may - just another day at the office. But today, for some reason, perhaps due to a lack of sleep, Frank is so upset that he decides to call Joe on the phone to ask him what exactly he thinks he's doing? He makes the call. Joe's wife Betty answers the phone cheerfully, "Evergreen Appraisal Service, how can I help you?" Frank asks for Joe and soon the "perpetrator" himself is on the line.

What Frank finds is an agreeable young man who admits that he may have been a little too aggressive in his approach to value. The appraiser asks what the reviewer thinks about the value and offers to make changes if that would help. "Sheriff Frank" dejectedly drops his six-shooters to his side. It is clear that he can't draw on an unarmed man who is as much a victim as a victimizer. Soon they are both laughing about the roller coaster antics of the wacky "pie in the sky" broker, the strange behavior of the secretive developer, and the desperate, angry late night phone calls from the pushy loan agent, who just happens to be fuming aloud on Joe's other phone line as the two appraisers are speaking.

Frank communicates finally that he will "cut" the value to \$160,000. Joe graciously and humbly says that he understands and rushes off to field the pushy agent's call. The moral of the story is that most appraisers who cheat are not bad people but what they are doing is very bad for all of us.

By letting go of the truth, these captive appraisers continue to undermine the very system of trust that is the foundation of the appraiser's role in society. If appraisers are unreliably subjective, the all too common question asks, why don't we just stop wasting our time and money on them and begin to rely on automated valuations instead? At least the computers don't intentionally mislead or falsify data. They may not always be right but they are objective.

Because the appraisal community has been unable to band together to control the thousands of Joes who day by day continue to erode its shrinking public support, it has failed in its most basic historical mission: to work together for its own survival as a profession whose only reason for being is to be a bastion of fairness, honesty and integrity in a self destructive and greedy world. A good, principled appraiser once told me: "Our only purpose in life is to be a policeman of sorts. As long as the brokers and sales people know that an appraiser is reasonably honest, the greed-driven tendency toward making fraudulent loans will be restrained. Our truthfulness is what is needed to keep the mortgages and the mortgage industry of America safe." Oh, Joe, say it isn't so.

This "crime" of overvaluation or advocacy appraising is far more common than most appraisers realize. Review people usually keep close track of their "cuts" and most will tell you that typically one sixth to one fifth of all submitted appraisals are overvalued by more than 10 percent and are therefore considered "advocacy," not appraising. Reviewers, of course, can be wrong too, but given those numbers, and the fact that reviewers make only a little dent in the overvaluation of property, U. S. property may be overvalued by trillions of dollars. And since only appreciating values can erase this deficit, the first serious economic downturn will likely bring the house of cards down.

But it is not the threat to America's mortgages that is the stimulus for this article. It is rather the "de-valuation" of appraisers. As a body of people, we have been severely wounded by the Joes of the world and yet he is really just a nice guy trying to make a living. As a reviewer and as an appraiser, I want Joe to at least show some respect for the appraisal process. There are some misrepresentations that just can't be done if appraisers are to ever achieve the respect and status that valuers have earned in other societies, like the "Chartered Surveyors" of Great Britain.

I would ask Joe to take into consideration our collective future as a vital part of the socio-economic fabric. Most importantly - and here I am probably just daydreaming, I would like Joe to go to his professional organization and lobby them to use their influence and power to support his foray into honesty. If we do this, all appraisers will be rowing in the same direction. We are all sailing on the boat through

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continued from page 3

history; it makes simple sense that we work together as one for our own survival. State licensing boards are beginning to take a hard line when a fraudulent appraiser is exposed but there is little if any pressure brought to bear by banking regulators on the greedy mortgage brokers and lenders who exert undo (and illegal) influence over appraisers by holding for ransom their ability to make a living.

Thousands of appraisers toil each day for very modest pay and still somehow manage to maintain their sense of fairness and professional sense of honor. If something is not done, however, their good, honest work may be for naught as far as preserving the future of appraising. Is it unrealistic to ask our professional organizations and the entire body of appraisers to join hands to attempt to curtail appraisers who rationalize their dishonest behavior and to work to remove some of the pressure exerted by lenders by inserting a system of checks and balances? It makes sense that we act together to restore and maintain the public trust that we are losing year by year, before it's too late.

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APPRAISERS

We invite you to submit articles for consideration for publication in this newsletter. Articles should address issues of interest to the appraisal industry.

We will review the information submitted and, if appropriate, publish the article in a future edition of the *Appraiser Review*. All articles are subject to editing for length and content. Submitted articles cannot be returned. Please submit your articles to:

**Mark Fagergren
Utah Division of Real Estate
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Salt Lake City UT 84114-6711**

Lawsuits Waiting to Happen

by Dave Smith, MSA

Over the past several months we've been reading about lender pressure on appraisers to meet their required value.

Most appraisers have experienced conflicts with lenders over the appraised value, and many times the appraiser is no longer given assignments if they do not meet the required lender value.

After months of meetings and reading printed articles about lender pressure, nothing to date has been accomplished. If we are going to be trustworthy and avoid corrupting the appraisal profession, then you and all the appraisers must start saying no to lenders who place undue pressure to reach their value. If we all start saying the same thing lenders will have no choice but to use trustworthy professional appraisers.

What you are not reading about is liability and what could happen to you if the loan you provided the appraisal for goes into default. Lenders in many cases have in place automatic lawsuit policies against the appraisers when a property is foreclosed. Lenders will then require another appraisal of the subject property and when the value is less than your appraisal submitted months or years before, the lawsuit then goes into action.

Yes, we say, I have E&O insurance to cover this situation! Are you aware that if the lawsuit proves you were negligent, your E&O won't cover you? In most states the Lawsuit Information can be turned over to the State Regulatory Office and you can be fined or even face suspension of your license/certification.

Today most lenders will not approve an appraiser without E&O insurance. This gives the lenders a no lose situation when they require you to meet their value and if the loan goes to foreclosure, they can collect from you and the E&O insurance company.

Once you are rejected from an E&O company it can be very difficult or impossible to obtain insurance again at a reasonable rate. We cannot wait for Congress to take action on predatory lending, we must all stand up together and say no today to undo lender pressure and preserve our profession and potential impact on your liability.

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Cost Approach for Value

by Jim Laughlin

The Cost Approach has often been described as the most complex and misunderstood of the three traditional approaches to value. One common misconception about the Cost Approach is that it is only useful in setting the upper limit of the value range set by the traditional three approaches. This theory, surprisingly espoused in some entry-level appraisal courses, further states that the Sales Comparison Approach uses "real market data" while the Cost Approach simply "guesstimates" a slightly higher value estimate using a fast and nasty "cost-to-build, less depreciation, plus land" method that doesn't really matter.

In fact the Cost Approach, when properly applied, is totally based on the support of market data. That market data is best derived from sales of newly completed properties similar to the property appraised. Deducting the land value from the sales price results in a true, market supported measure of reproduction or replacement cost. If carefully researched and used with adequate data, a clear range of replacement costs, based on local market data, results. In the absence of current sales data of new properties, or in support of market data, a cost service, such as Marshall & Swift is often used. A supportable estimate of the cost to construct the property can be reached by applying the various techniques of Marshall & Swift and carefully using the various modifiers included in the manual. In the best of circumstances a combination of sales data and a reliable cost service with current data is used. The key words here are Current and Reliable. Use of outdated data can result in a series of errors which could be a violation of Standards.

It is also important to remember that the work file or the appraisal report must include the source of the building cost data, whether it be sale or cost service data. If asked, all appraisers are required to explain and produce the sources of data used in reports. Use of data with no support, or statements concerning cost or value in an appraisal report with no supporting data in the report or the file will, sooner or later, lead to trouble. A sure way to avoid trouble is to have documentation of the sources of the data used in the report.

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Practicing appraisers need to possess the latest edition of USPAP and the current Utah statute and rules.

Contact:

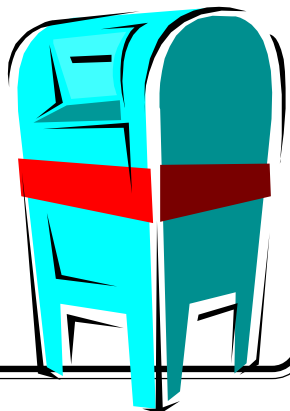
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If you pick them up:

USPAP – \$6.50
Rules – \$3.00

If we mail them:

USPAP – \$8.50
Rules – \$5.00



The Utah Division
of Real Estate
recently received
this note:

"After 25 years of
appraising, I have
found it impossible
to be honest and earn a
living at the same time.
I will not be renewing
my license."

How sad for us all.



Utah Real Estate Appraiser Review

Purpose: To provide licensees with the information and education they need to be successful in competently serving the public

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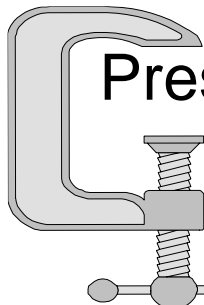
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Pressure on Appraisers Undermines '89 Reform

by Kenneth R. Harney

Should you care that you paid more for your house than necessary because your mortgage broker rejected appraisals that didn't "hit" the price on the sales contract?

Should you worry that the last time financial institutions failed on a wide scale in this country – the savings and loan crisis of the 1980's – Congress determined that inflated appraisals on real estate were key contributors to the problem?

Should it bother you that home appraisers, state regulators and national appraisal groups all say lender interference in the quality of appraisals is their biggest problem nationwide?

On all counts, you should. Under the 1989 federal legislation designed to reform the real-estate system in the wake of the S&L bailouts, Congress set tough new standards for appraisers. In addition to state licensing and tougher educational requirements, appraisers were strictly prohibited from performing appraisals based on "predetermined opinions and conclusions," or influences by any parties with an interest in a real-estate transaction.

Yet more than a decade after that reform legislation, appraisers across the country can document – with faxes, letters, recorded phone messages and personal testimony – that mortgage loan officers routinely pressure them to hit home sales prices, rather than conduct the independent evaluation that is their legal duty.

Appraisal group leaders say the problem is almost invisible in a strong economy, where home values are rising steadily. But what happens when national or regional economies enter their next cyclical cooling-off phase, and home resale values go soft?

"We already know what happens," says Stewart A. Leach, chief of the Colorado state appraisal board, "because we saw it during the S&L crisis" that was particularly harsh on real-estate owners in Texas, Colorado and Oklahoma. Homeowners who lose their jobs and can't make mortgage payments discover that they overpaid on their homes, and have negative equity – loan balances larger than the value of the property.

Leach and other appraisal regulators worry that fallout from inflated, lender-influenced appraisals in any new economic slowdown could be intensified by recent trends toward

minimal down payments. Whereas 15% to 20% down payments were the norm in the 1970's and 1980's, now lenders and giant investors, including Fannie Mae and Freddie Mac, promote zero to 3% down as standard terms.

Stewart Heller, a California appraiser who wrote a widely circulated critique of lender-influenced valuations for the Foundation of Real Estate Appraisers, says the problem could become especially acute in the fastest-appreciating, higher-cost markets. The combination of low down payments and made-to-order appraisals, he says, "could be really disastrous" in a recession.

How can pressure on appraisers to rubber-stamp contract prices be relieved? Sam E. Blackburn, executive director of the Kentucky Real Estate Appraisers Board, believes one solution may be at the State legislative level.

"We need to make it illegal for anyone to intimidate, threaten or interfere with a licensed appraiser," says Blackburn, the incoming head of the Association of Appraiser Regulatory Officials, the national group representing state licensing boards.

Colorado appraiser Fred Rossiter, who has lost "significant" revenues by refusing to cooperate with lender demands, says that the law should define "any request to hit a predetermined value to be fraud." He adds that mortgage brokers typically are subject to little or no regulatory oversight, unlike appraisers.

Frank Gregoire of St. Petersburg, Fla., says appraisers need to "stand up to (intimidation) and just say no." An appointee to the Florida Real Estate Appraisal Board, Gregoire provided facsimile copies of attempts by national and local mortgage companies to "order up the number they need."

Terry Turner, a Georgia appraiser who was stiffed for a \$275 fee by a lender when he failed to hit the desired contract price, says that besides federal and state enforcement, he wants the home-buying public – "the people who pay for the appraisals" – to better understand the current system.

When loan officers regularly reject or refuse to pay appraisers who don't "hit" the right number, Turner says, "then the appraisal you get may not tell you a thing, other than that the market is in for some extra big trouble" in the next economic downturn.

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Appraising Manufactured Housing

A few years ago the NC Appraiser Board published an article regarding the appropriate choice of comparable sales for manufactured housing. It appears from the many inquiries received by Board staff that there is some confusion regarding appraising manufactured or factory-built housing.

In appraising a manufactured home that is not yet affixed to the land or that is still considered personal property, an appraiser has three options. One option is to appraise the lot and mention that personal property (in the form of a manufactured home) is situated on the land.

Another option is to provide a prospective value estimate on the basis of the hypothetical condition that the manufactured home is affixed to the land. The appraiser must make it clear that this is a prospective value by using words such as "the prospective market value is expected to be" and not using words such as "the market value is. . ."

A third option is to develop a current value estimate on the basis of the hypothetical condition that the manufactured home has already been affixed to the land. The appraiser must disclose the hypothetical condition in the report, with a description of the hypothetical condition, the rationale for its use, and its effect on the result of the assignment. The rationale must clearly indicate that the manufactured home is not currently affixed to the land.

In appraising a manufactured home that is affixed to the land, the appraiser has all three of the approaches to value available. In some situations, the

income approach may be the least applicable. The cost and sales comparison approaches are generally applicable, and may also be necessary depending upon the appraisal assignment. Only the appraiser can make that determination based on the local market.



The Cost Approach is applicable to valuing a manufactured home permanently affixed to a lot. This approach deals with the value of the land as well as the cost of improvements, such as the manufactured house, well and septic tank, and foundation, among other items. For a new manufactured home this is an ideal approach since it reflects the current market. The appraiser must be careful to reflect depreciation from all sources such as physical, functional, and external depreciation. The Cost Approach is most reliable when the improvements are new or relatively new, when improvements represent the highest and best use of the site, when land value is well supported and when no functional or external obsolescence is evident.

The Sales Comparison Approach should also be considered when a manufactured home is permanently affixed to a lot. The best comparison sale is one that is in the same market, and is similar to the subject in age, condition, size and quality. Many times, however, such comparison sales are difficult to find, especially since these sales may not always be re-

ported in listing services. If that is the case, the appraiser may need to expand the search area as well as the age of the sales. This expansion of search parameters should be explained in an addendum to the appraisal report. There also may be other sources for sales information that can be explored, such as home owners, real estate agents, and employees in the tax office, register of deeds, zoning office, etc. Of course, all information should be verified before it is used.

Appraisers are often offered land home packages to use as comparable sales. These packages generally consist of the purchase of land and of a new or used manufactured home that is to be placed on the land. Often the only form of documentation of these package sales is a HUD settlement statement, since public reports may not reflect the transaction. Land home package sales are not appropriate for the sales comparison approach since the subject, as a whole, has not been exposed to the market. They can, however, be a good source of information for the cost approach. The appraiser must be very careful to look for financing considerations and incentives which may be built into the sales price.

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**"The best thing
about the future is
that it comes only
one day at a time"**

Abraham Lincoln

USPAP Q & A

This communication by the Appraisal Standards Board (ASB) does not establish new standards or interpret existing standards. The ASB USPAP Q&A is issued to state and territory appraisal regulators to inform all states and territories of the ASB responses to questions raised by regulators and individuals; to illustrate the applicability of the Uniform Standards of Professional Appraisal Practice (USPAP) in specific situations; and to offer advice from the ASB for the resolution of appraisal issues and problems. The ASB USPAP Q&A do not constitute a legal opinion of the ASB.

Vol. 2, No. 9 – September 2000

Question #1

I heard that the ASB is revising the SUPPLEMENTAL STANDARDS RULE of USPAP in such a way as to make it a violation of the ETHICS RULE if I do not comply with every condition in an assignment that I accept. How can this be? I can't control every possible factor in performing an appraisal. Please explain why the revision was necessary, and exactly what it means.

Answer:

The ASB adopted a revision to the SUPPLEMENTAL STANDARDS RULE on July 10, 2000, to become effective January 1, 2001. The revision was necessary to ensure appraisers recognize their USPAP-related obligations when accepting an assignment that includes Supplemental Standards. These obligations were implicit, but not explicit, in the Rule in the 2000 edition of USPAP, and that lack of clarity was causing confusion and disparate interpretations of the Rule.

It is essential for readers of USPAP to recognize that the ASB'S revision to the SUPPLEMENTAL STANDARDS RULE in USPAP does not make every requirement in an assignment a Supplemental Standard. Further, even when a requirement that is a Supplemental Standard is not met, that failure to comply is not necessarily a violation of the ETHICS RULE.

If an appraiser accepts an assignment involving Supplemental Standards that the appraiser knows he or she cannot meet, that action is a violation of the ETHICS RULE because the appraiser misrepresented his or her ability. If, instead, an appraiser fails to meet a Supplemental Standard due to an

inadvertent error, such action may be a violation of, for example in a real property appraisal, Standards Rule 1-1(b), but it is not a violation of the ETHICS RULE.

Further, appraisers should use care not to extend the SUPPLEMENTAL STANDARDS RULE beyond its intended subject matter. Readers of the Rule should note that:

1. Public agencies or client groups must first issue the requirements that might become Supplemental Standards in the context of USPAP. Requirements imposed by a client do not rise to the level of Supplemental Standards without first having those two characteristics – issued (as in “published”) by a public agency or a client group.

As examples, without limitation; appraisal, appraisal review, or appraisal consulting requirements issued by the federal financial institution's regulatory agencies (Federal Deposit Insurance Corporation, Federal Reserve Board, Office of the Comptroller of the Currency, Office of Thrift Supervision, National Credit Union Administration), secondary mortgage market entities (e.g., Fannie Mae, Freddie Mac, etc.), members of the Employee Relocation Council (ERC), the Department of Housing and Urban Development/Federal Housing Administration (HUD/FHA), or agencies subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, where the published requirements are common to all similar assignments for that agency or client group.

Further, professional appraisal organizations issue requirements for appraisal practice by their members that add to the requirements in USPAP, and can be Supplemental Standards in the context of USPAP because those requirements are publicized and apply uniformly to the work of those practitioners.

2. In order for a client's requirement to become a Supplemental Standard in an assignment, the requirement must add to the requirements set forth in USPAP, and must not diminish the purpose, intent, or content of USPAP. The requirements applicable in an assignment, as that term is used in USPAP, relate to the development and communication of an appraisal, appraisal review, or appraisal consulting assignment. Standards Rules 1-1, 4-1, 6-1, 7-1, and 9-1(b) and (c),

and the Comment to STANDARD 3, establish standards of due diligence and care, with the intent of ensuring any error of omission or commission, or as a result of carelessness, does not significantly affect the result of an appraisal, appraisal review, or appraisal consulting assignment.

A client's requirements that extend beyond this purpose, intent, and content framework, such as the number of copies of a report, the kind of exhibits, or the time frame for assignment completion, might be legitimate service contract requirements, but are not Supplemental Standards applicable to an appraisal, appraisal review, or appraisal consulting assignment in the context of the SUPPLEMENTAL STANDARDS RULE.

However, it is important for appraisers to note that a client's assignment contract-related requirements might become an ETHICS RULE issue if an appraiser misrepresents his or her capacity to provide the service, as in the case when an appraiser advertises for or solicits an assignment in a manner that is false, misleading, or exaggerated (see the Management section of the ETHICS RULE).

Question #2:

A client has included a requirement in an assignment for me to not complete an analysis step the USPAP requires in that assignment. The client told me his requirement is a Supplemental Standard that takes the place of USPAP. Is this correct?

Answer:

No, it is not correct, for two reasons.

First, a client's requirements cannot diminish the purpose, intent, or content of USPAP. Your client's requirement would diminish the content of USPAP applicable in the assignment.

Second, the SUPPLEMENTAL STANDARDS RULE applies only to requirements issued by public agencies and certain client groups – e.g., regulatory agencies, eminent domain authorities, asset managers and financial institutions, and

professional appraisal organizations. These requirements are, in at least some sense, published and apply in the same way to all similar assignments.

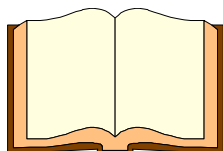
The particular requirements of a specific client, such as the number of copies of a report they require, the number and kind of photographs or exhibits, the time frame for delivery of the report, etc., might be a matter to address in your decision to engage in an assignment, but those are not what the SUPPLEMENTAL STANDARDS RULE in USPAP is addressing.

The client in this situation appears to be confused about the intent of the SUPPLEMENTAL STANDARDS RULE and JURISDICTIONAL EXCEPTION RULE. Supplemental Standards add to the appraisal, appraisal review, or appraisal consulting assignment requirements in USPAP, while applying a Jurisdictional Exception removes a requirement in USPAP that is contrary to law or public policy of a specific jurisdiction. Except when the client in an assignment is a legal authority (e.g., a court of law of a public agency), clients are not jurisdictions.

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LICENSING STATISTICS

	RA	LA	CR	CG	TOTAL
2000					
January	1152	13	480	317	1962
February	1118	13	481	319	1931
March	1083	14	483	324	1904
April	1067	14	481	324	1886
May	1012	15	486	326	1839
June	974	16	485	328	1803
July	947	15	492	327	1781
August	894	17	489	327	1727
September	859	17	490	324	1690
October	826	18	490	321	1655
November	805	18	488	324	1635
December	785	19	492	330	1626
2001					
January	751	19	492	330	1592
February	692	22	498	340	1552
March	649	26	499	340	1514
April	593	38	517	345	1493
May	493	46	541	351	1431
June	0	56	571	355	982
July	0	64	580	355	999





Disciplinary Sanctions

ALVEY, CODY H., Certified Residential Appraiser, Draper. Consented to pay a \$1,000.00 fine and agreed not to supervise other appraisers or sign as the certified appraiser for other appraisers for two years from February 13, 2001, because of having signed as the certified appraiser on two appraisals without researching the listing and sales histories on the properties. #AP20-11-10.

BITTON, CHRISTIANE., State-Certified Residential Appraiser, Salt Lake City. Consented to pay a \$1,000.00 fine, and complete a USPAP course and a Cost Reproduction class in settlement of a case involving USPAP violations. The subject property consisted of two rental structures on one lot which the city had classified as a legal non-conforming duplex. Mr. Bitton identified the property as a single-family residence with a guest house. His appraisal failed to disclose that the owner of the rental property was receiving rental income from both units and failed to include an income approach. #AP01-03-05.

CLOWARD, STEVEN, Certified Residential Appraiser, Orem. Consented to pay a \$2,000.00 fine and take a USPAP course, in settlement of cases which involved appraisals performed while he was a registered appraiser. In one case, he did not have adequate file data to support his adjustments and conclusions in a summary report. In the other case, his report contained numerous factual errors and internal inconsistencies. Mr. Cloward maintained in mitigation that the errors and omissions were unintentional careless mistakes and that he had no intent to mislead. #AP98-11-06 and AP97-07-18.

DENSLEY, DALE, State-Registered Appraiser, Mapleton. Consented not to apply for certification for one year, to pay a \$2,500 fine, and to complete remedial education in settlement of two complaints involving appraisals that violated USPAP. In one appraisal, he failed to disclose that he lacked knowledge and experience in appraising manufactured homes and knowledge and experience regarding the market in the area. In the other appraisal, he failed to verify listing history or the party who held title to the property. Mr. Densley maintained in litigation that his errors were unintentional mistakes and that he had no intent to mislead. Mr. Densley has been approved for State-Licensed Appraiser status, effective May 24, 2001. #AP99-04-39, and #AP20-10-01.

HODGES, JULIE, Registered Appraiser, Murray. Consented to pay a \$1,000.00 fine and to withdraw her application for certification, because of appraisals on two different properties in which she overlooked listing history or previous sales history. As part of the settlement, Ms. Hodges agreed not to submit a new application for certification for at least two years from February 13, 2001. #AP20-11-09

JONES, KENNETH F., Certified General Appraiser, Salt Lake City. Renewal denied on February 13, 2001, because of: 1) a continued pattern of failure to supervise junior appraisers and failure to verify information, even after complaints had been brought to his attention; 2) multiple examples of lack of competency and multiple misleading reports; and 3) failure to acknowledge the potential harm to his clients and the public as a result of misleading appraisal reports.

LARSEN, ALLEN G., Registered Appraiser, Woodland Hills. Consented to pay a \$500.00 fine and complete a 15-hour USPAP class, because of a deficient appraisal report completed when he was a new appraiser. Mr. Larsen maintains in mitigation that since the time of the appraisal in question, he has worked under the supervision of a different certified appraiser who has provided better training, input, and structure to his appraisals. #AP98-12-23.

MAHMOOD, SUNI, State-Registered Appraiser, Salt Lake City. Registration revoked because of failure to properly disclose his criminal history on his original application for registration in 1992 and his repeated failure to disclose his prior criminal history on his subsequent applications for renewal. #AP20-12-01.

PETERSEN, WILLARD R., State-Licensed Appraiser, Garden City. Surrendered his license effective July 10, 2001 in lieu of continuing to respond to the Division's investigation of a complaint filed against him. Mr. Petersen maintained in mitigation that he was not guilty of anything except that he could have filled out the appraisal report form in a more precise way. #AP99-09-17

RAWLE, MATTHEW C., Registered Appraiser, Provo. Registration reinstated on probationary status due to a misdemeanor conviction. The probationary status will last until Mr. Rawle pays his fine in the criminal matter.



You Must Notify the Division -- in Writing --



Within 10 Days of:

- a change of personal address
- a change of business address
- a change of name
- a change of personal telephone number
- a change of business telephone number
- a conviction of a criminal offense
- a filing of bankruptcy